

Message Text

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ACTION EA-13

INFO OCT-01 SS-14 ADP-00 NSC-10 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 PM-03 DODE-00 DPW-01 L-02 IO-03 PRS-01

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FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 5230

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C O N F I D E N T I A L VIENTIANE 5424

LIMDIS

E.O. 11652: GDS

TAGS: MCAP, MASS, LA

SUBJECT: AIR SERVICES IN SUPPORT OF U.S. MISSION
CIVILIAN OPERATIONS

REF: A. VIENTIANE 9217 (1972)(NOTAL)

B. VIENTIANE 0686 (NOTAL)

1. FORMATION OF THE NEW LAO COALITION GOVERNMENT APPEARS
NEAR, AND IN THIS CONTEXT WE HAVE BEEN REVIEWING OUR
EARLIER CEASEFIRE PLANNING PAPERS ON FUTURE AIR SERVICES.
EXPERIENCE DURING THE PAST EIGHT MONTHS VALIDATES
ASSUMPTION WE MADE LAST DECEMBER THAT RLAF IN POST
CEASEFIRE ENVIRONMENT WILL BE ABLE TO PROVIDE ALL AIR
SERVICE SUPPORT FOR RLG MILITARY FORCES, BUT THAT THERE
WILL BE A CONTINUING REQUIREMENT FOR CONTRACT AIR SERVICES
TO DELIVER NON-MILITARY SUPPLIES, SUCH AS SUBSISTENCE AND
REFUGEE COMMODITIES, AND TO TRANSPORT PEOPLE, INCLUDING
MISSION PERSONNEL.

2. IN REVIEWING MEANS OF PROVIDING NON-MILITARY AIRLIFT
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AND CORRESPONDING GROUND SERVICE SUPPORT, WE BELIEVE

ANALYSIS IN REF B IS STILL VALID; I.E. THAT CURRENT CONTRACTORS AIR AMERICA (AA) AND CONTINENTAL AIR SERVICES, INC. (CASI) WILL BE OBLIGED TO WITHDRAW FROM LAOS SOMETIME AFTER FORMATION OF THE NEW COALITION GOVERNMENT. ALTHOUGH CASI HAD NOT PREVIOUSLY BEEN SUBJECT TO SAME LPF ATTACKS AS AA, CAPTURE OF CASI PILOT EMMET KAY, MAY 7, HAS PROBABLY PREJUDICED CASI'S LONG RUN CHANCES OF CONTINUING OPERATIONS IN LAOS. OUR VIEW THAT LPF WILL HAVE INFLUENTIAL VOICE IN DETERMINING FUTURE OF THESE TWO CARRIERS HAS RECENTLY BEEN REINFORCED BY APPARENT AGREEMENT BETWEEN TWO LAO PARTIES THAT IN NEW PGNU LPF WILL HOLD MINISTRY OF PUBLIC WORKS OF WHICH LAO DIRECTORATE OF CIVIL AVIATION (DCA) IS A PART. IN THIS CONNECTION, ARIZONA HELICOPTERS (AHI), WITH ABOUT 14 AMERICAN EMPLOYEES AND 7 ROTARY WING AIRCRAFT UNDER CONTRACT TO USG, IS (BECAUSE OF ITS SIZE AND THE NATURE OF ITS ACTIVITIES) A MUCH LESS CONTROVERSIAL FIRM AND DURING PGNU PERIOD MAY BE PERMITTED TO CONTINUE ITS OPERATIONS TRANSPORTING MISSION PERSONNEL IN LAOS.

3. UNDER THESE CIRCUMSTANCES, WE BELIEVE IT PRUDENT TO BEGIN THE TRANSITION TO AN ALTERNATIVE MEANS OF PROVIDING THE REQUIRED CIVILIAN CARGO-CARRYING SERVICES. THE RLG'S NATIONAL FLAG CARRIER ROYAL AIR LAO (RAL) IS THE MOST LOGICAL ALTERNATIVE. IT IS HEADED BY THE SON OF THE PRIME MINISTER; IT NOW OPERATES INTERNATIONAL FLIGHTS TO BANGKOK, PHNOM PENH, SAIGON AND HONG KONG; IT HAS SCHEDULE FLIGHTS TO MAJOR CITIES IN THE RLG ZONE; IT IS THE NATIONAL CARRIER AND SHOULD, THEREFORE, BE MOST ACCEPTABLE TO THE LPF; AND IT SEEMS TO HAVE THE MANAGEMENT CAPACITY AND WILL TO ACCOMMODATE OUR REQUIREMENTS. MOREOVER IT HAS A CONTRACTUAL ARRANGEMENT WITH AN AMERICAN COMPANY, TRANSAIR, FOR TWO ELECTRAS TO ASSURE ITS INTERNATIONAL SCHEDULES. AT PRESENT TIME, TRANSAIR ALREADY EMPLOYS ABOUT 10 AMERICANS IN VIENTIANE.

4. WE THINK, AS A FIRST STEP, RAL COULD ASSUME A SIGNIFICANT PORTION OF THE RICE AIRDROP MISSION NOW BEING PERFORMED BY AIR AMERICA AND CONTINENTAL. THE US MISSION IS CURRENTLY CONTRACTING FIVE C-46'S FOR RICE AIR DROPS IN LAOS. TITLE TO TWO OF THESE AIRPLANES NOW OPERATED
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BY AIR AMERICA LIES WITH RLG (THEY WERE GRANTED TO RLG IN 1964 BY USG); AND AIR AMERICA PROVIDES MAINTENANCE AND AIR CREWS. RAL COULD OPERATE THESE TWO AIRCRAFT, EMPLOYING AMERICAN PILOTS AND ARRANGING FOR THEIR MAINTENANCE, THE LATTER, FOR EXAMPLE, BEING DONE THROUGH ITS ARRANGEMENT WITH TRANSAIR. WE WOULD ADJUST THE CURRENT CONTRACT WITH AIR AMERICA EFFECTIVE OCTOBER 1 AND ENTER INTO A NEW CONTRACT FOR THE TWO C-46'S WITH RAL EFFECTIVE THAT DATE.

THE TWO PLANES ARE NOW FLOWN ON AN AVERAGE OF 240 HOURS PER MONTH OR 720 HOURS PER QUARTER AT AN AVERAGE COST OF APPROXIMATELY \$200 PER HOUR FOR A TOTAL QUARTERLY CONTRACT COST OF \$154 THOUSAND. IT WOULD APPEAR REASONABLE FOR OUR USAID MISSION TO BECOME THE CONTRACTOR APPLYING EXISTING COST SHARING FORMULAE.

5. THE STEPS OUTLINE ABOVE WOULD BE A FIRST MOVE IN ARRANGING ALTERNATIVE MEANS TO OBTAIN REQUIRED AIR SERVICES FOR THE FUTURE AND WOULD SIGNAL OUT INTENT TO "LAO-IZE" IN THIS AREA. CASI WOULD STILL BE OPERATING (A) THREE C 46'S FOR LARGE DROP ZONE MISSIONS AND FOR POINT TO POINT MOVEMENT OF BULK CARGO AND (B) STOL AIRCRAFT FOR MISSIONS TO SMALL INACCESSIBLE DROP ZONES. WE WOULD ENVISION CONTINUING TO CONTRACT WITH CASI FOR THESE AIRCRAFT AFTER OCTOBER 1 IF STILL ACCEPTABLE TO THE PGNU. WE ARE STILL CONSIDERING THE FUTURE OF AIR AMERICA GROUND SERVICES CONTRACT. AS EVENTS UNFOLD, WE WILL HAVE A CLEARER VIEW OF OUR REQUIREMENTS AND OF THE NATURE OF THE ENVIRONMENT IN WHICH WE MUST OPERATE; AND IN THIS LIGHT WE WILL CONTINUE TO EXAMINE ADDITIONAL MEASURES THAT MIGHT BE DESIRABLE OR NECESSARY TO "LAO-IZE" AIR SERVICES NOW PROVIDED BY USG CONTRACTORS.

6. WE WILL NEXT WEEK BE INFORMING RLG OF OUR INTENTION TO OFFER RAL CONTRACT TO OPERATE TWO C-46'S.
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